DOCUMENT RESUME

ED 409 621 EA 028 476

TITLE	A Study of Charter Schools. First-Year Report, 1997. Executive Summary.
INSTITUTION	Minnesota Univ., Minneapolis. Center for Applied Research and Educational Improvement.; RPP International, Emeryville, CA.
SPONS AGENCY	Office of Educational Research and Improvement (ED), Washington, DC.
REPORT NO	SAI-97-3010
PUB DATE	May 97
NOTE	13p.; For full report summarized here, see EA 028 475.
CONTRACT	RC95196001
PUB TYPE	Reports - Research (143)
EDRS PRICE	MF01/PC01 Plus Postage.
DESCRIPTORS	*Charter Schools; Educational Finance; Elementary Secondary Education; *Governance; *Institutional Autonomy; *Institutional Characteristics; Public Schools; *School Demography; State Legislation; State Regulation

ABSTRACT

In response to widespread demands for better public education and for more choice among public schools, a number of state legislatures in the early 1990s permitted educators and local communities to develop "charter" schools. This report presents the first-year findings of the National Study of Charter Schools, sponsored by the U.S. Department of Education. The study is a 4-year research effort to document and analyze the charter-school movement. Data were derived from telephone interviews conducted in 1996 with 225 of the 252 charter schools in operation and from field visits to 42 of the 93 schools that had been open for at least 1 year in 1996. The data show that charter schools are extremely diverse because of state and local factors; that states play a prominent role in defining the possibilities of charter schools; that most charter schools are small, but they serve racially and economically diverse student populations; that charters provide the opportunity to pursue educational goals that can be reached more effectively with fewer restrictions and stable financial support; and that new charter schools face challenges commonly encountered by beginning businesses, including startup costs, time for planning, cash flow constraints, and recruitment of staff and students. Five tables and one figure are included. (LMI)

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A Study of Charter Schools

First-Year Report
Executive Summary
1997

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About This Study

At the recommendation of Congress, the U.S. Department of Education (ED) is sponsoring the National Study of Charter Schools, conducted under contract with RPP International of Emeryville, California. Subcontractors include the University of Minnesota's Center for Applied Research and Educational Improvement (CAREI) and the Institute for Responsive Education in Boston. Paul Berman, president of RPP directs the study, and he and Karen Seashore Louis, professor of sociology and associate dean for academic affairs at the University of Minnesota, serve as principal investigators. The research contract is coordinated with other ED charter school activities, including the State Grant Program, through the Department's Office of Elementary and Secondary Education. The study is monitored as a joint activity of the National Institute of Governance, Finance, Policymaking and Management; the National Institute on Student Achievement, Curriculum, and Assessment; and the National Institute on the Education of At-Risk Students. The Study is funded under contract number RC 95 196001.

The four-year study (September 1995–September 1999) includes:

- An annual survey of all charter schools every year for four years.
- An ethnographic study of a stratified random sample of 72 charter schools.
- Longitudinal data on student achievement at the 72 schools.
- Site visits and testing at 28 matched comparison schools.

Single copies of the full report may be obtained by writing to the National Library of Education, U.S. Department of Education, Washington, DC 20208–5721. A limited number of copies are available.

An electronic copy of this Summary and the Full Report, and other material from the National Study may also be found at the following World Wide Web sites:

http://carei.coled.umn.edu/Charterschools/NatChrtr.html

http://www.ed.gov/offices/OERI/GFI/gfichart.html

http://www.uscharterschools.org/

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RPP International and the University of Minnesota

U.S. Department of Education
Office of Educational Research and Improvement

U.S. Department of Education
Richard W. Riley
Secretary

Office of Educational Research and Improvement
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National Institute on Student Achievement, Curriculum, and Assessment
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May 1997

Preface

This executive summary provides highlights from the first-year report of the National Study of Charter Schools (the Study), sponsored by the U.S. Department of Education as authorized by the 1994 Amendments to the Elementary and Secondary Education Act. The Study is a four-year research effort to document and analyze the charter school movement. By means of reports circulated online and in hard copy, the Study will provide descriptive information about the number and type of charter schools that become operational and about the factors that facilitate or hinder the charter schools' development and implementation. The Study will also analyze the impact of charter schools on student achievement and on local and state public education systems.

Highlights

- The Study includes the first definitive survey of all charter schools, including 90 percent of all schools in operation as of 1995-1996.
- Charter schools are extremely diverse because of state and local factors. Their approaches to education often vary dramatically from one another.
- States play a primary role in defining the possibilities of charter schools, and states vary greatly in their approaches.
- Most charter schools are small, but they serve the great racial and economic diversity of students that make up public education.
- Charter school developers (including educators, parents and community members) say that charters afford them an opportunity to pursue educational goals that they felt they could accomplish more effectively with fewer restrictions and stable financial support.
- New charter schools face challenges encountered by fledgling small businesses, including start-up costs, creating time for planning, cash flow constraints, and attracting students and staff. Charter schools that were pre-existing schools face different challenges; many have realized autonomy from state regulations but some continue to struggle to resolve local political and administrative situations (various state restrictions still exist in many cases and may be increasing in some states).

Background

In response to widespread demands for better public education and for more choice among public schools, a number of state legislatures in the early 1990s permitted educators and local communities to develop "charter" schools. While these schools receive public funds, they operate unfettered by most state and local district regulations governing other public schools. Instead, they are held accountable for improving student performance and achieving the goals of their charter contracts.

Some believe that if charter schools demonstrate educational success, they could provide effective educational models as well as create pressure on local and state public education systems to operate differently, thereby acting as a catalyst for changing public education across the nation. Others believe that public schools should provide more choices to meet the needs of students and parents. It is with these consequences in mind that Congress in 1994 authorized funds, in amendments to the Elementary and Secondary Education Act, for a study to assess the impact of charter schools across the country. The first annual report of the Study provides an early indication of how charter schools are progressing.

The Study will monitor the pulse of the charter school movement, addressing research and policy questions in three major areas:

- **Implementation**. Are charter schools similar to or different from other public schools, and in what ways? What types of students attend charter schools? Do they differ from students in other public schools? What factors influence charter school development and implementation? How do states differ in their approaches to charter schools, and in what ways do charter laws and policies affect charter schools in each state?
- **Impact on Students.** Do charter schools have an impact on student learning? What are the conditions under which they improve (or fail to improve) student achievement as well as other aspects of student learning?
- **Effect on Public Education.** How do charter laws and charter schools affect local and state systems of public education? Are charter schools developing models or reform strategies that other public schools might use to improve education or do they drain support from other public schools? Does their existence pressure other schools to reform? What lessons can be learned from the successes and failures of charter schools?

The Findings

At the beginning of 1996, 252 charter schools were operating in ten states. By the end of the year, 15 other states and the District of Columbia had enacted charter legislation. One year later, 428 charter schools are operating, and their numbers are likely to grow substantially over the next few years. The following findings are based on phone interviews in the Spring of 1996 with 225 of the 252 charter schools operational in 1996 and on field visits to 42 of the 93 schools which had been open for at least one year in 1996.

States Play a Primary Role in Defining the Possibilities of Charter Schools

Each state follows a distinctive approach to charter school development. The state's approach profoundly affects the number, type, and operation of charter schools—and the impact they might have on the public school system. Several states have freed charter developers from most regulations that otherwise apply to public schools, but in others, charter laws are more restrictive. The research team identified key dimensions of variation in state laws, including:

States with Charter School Legislation by Year of First Enactment and Number of Charter Schools Open as of January 1997

1991	1992	1993	1994	1995	1996
Minnesota (19)	California (112)	Colorado (32)	Arizona (103)	Alaska (3)	Connecticut
		Georgia (12)	Hawaii (2)	Arkansas	District of Columbia (3)
		Massachusetts (22)	Kansas	Delaware (2)	Florida (5)
		Michigan (76)		New Hampshire	Illinois (1)
		New Mexico (5)		Louisiana (3)	New Jersey
		Wisconsin (11)		Rhode Island	North Carolina
				Wyoming	South Carolina
					Texas (17)

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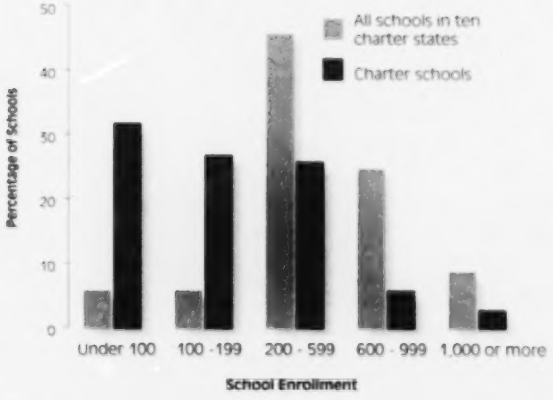
- **How Many Charter Schools Are Permitted?** Sixteen of the 25 charter states limit the number of charter schools in the state. Nine states have no limits on the number of charter schools.
- **Who Grants Charters?** In 12 states, the local school board is the only authority that can grant a charter. In the remaining 13 states and the District of Columbia, however, other—sometimes several—agencies may grant charters.
- **Who May Start Charter Schools?** All but three of the 25 states and the District of Columbia permit the creation of brand new schools. All states and the District of Columbia have provisions for the conversion of public schools to charter schools, while just six states allow the conversion of private schools.
- **Who Sets Personnel Policies?** In 15 states and the District of Columbia, charter schools may act as employers in their own right. In the remaining ten states, legislation requires that teachers remain (or in the case of newly created schools, become) employees of the local district. In 13 states, charter schools are subject to state collective bargaining laws; but legislation in six other states is silent as to the status of collective bargaining arrangements. The remaining states and the District of Columbia either exclude charter schools from collective bargaining arrangements or allow schools to address collective bargaining as a part of their charters.

These and many other distinctions among state laws provide an opportunity for the country to assess alternative state approaches to the use of charter schools as a vehicle for education reform.

Charter School Are Small Compared to All Public Schools



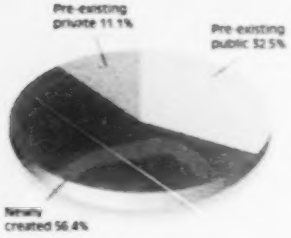
Charter Schools Are Diverse

There is no "typical" charter school; they are extraordinarily diverse. While some use advanced technology enabling students to study off-site, others emphasize small, nurturing environments with close student-teacher contact. Some schools mirror different aspects of school reforms of the 90s, but others rely on more conventional pedagogy and programs. Structured learning environments are featured in some charter schools, but others have purposely designed less structured learning environments as a matter of policy. A sizable proportion of charter schools are designed to serve special populations, though most reflect the demographic characteristics of students in their geographic area. The variety in charter schools is evident, both in their diverse education programs and missions, and in their array of approaches to management, governance, finance, parent involvement, and personnel policies.

The report puts the variation in perspective by comparing charter schools to other public schools in the ten states where charter schools were operating in 1996:

- **Most charter schools are small.** About 60 percent enroll fewer than 200 students, whereas only 16 percent of other public

Newly Created and Pre-existing Charter Schools



schools have such small student bodies. No matter what grade levels are served, a higher proportion of charter schools are smaller than other public schools. The difference is most striking at the secondary level. Almost four-fifths of charter secondary schools enroll fewer than 200 students, in contrast to one-quarter of other public secondary schools. Charter schools are more likely than other public schools to serve a wide grade-level span (K–8 or K–12), or to be ungraded.

- **Most charter schools are newly created.** About 60 percent of charter schools were created because of the charter opportunity; the remainder are pre-existing schools that converted to charter status. About one-tenth of all charter schools were previously private schools. Newly created charter schools tend to be smaller than converted ones—three-quarters of the newly created schools have fewer than 200 students, whereas only half of the conversion schools have fewer than 200.

- **Charter schools have, on average, a racial composition roughly similar to statewide averages, or they have a higher proportion of students of color.** Massachusetts, Michigan, and Minnesota charter schools stand out in that they enroll a higher percentage of students of color than the average of all public schools in their respective states. Aside from Georgia (which has only three charter schools), the average racial composition of charter schools in the other states is similar to their statewide averages.

- **Charter schools serve, on average, a slightly lower proportion of students with disabilities, except in Minnesota and Wisconsin.** In eight states, the typical charter school serves a somewhat lower percentage of students with disabilities than the average public school in its state. In Minnesota and Wisconsin this is reversed; the typical charter school serves a higher percentage of students with disabilities. A number of charter schools are designed specifically to serve special needs students. Fifteen of the 225 charter schools responding to the survey had student bodies that were more than 25 percent special education students; two of them enroll only students with disabilities.

- **Charter schools serve, on average, a lower proportion of limited English proficient (LEP) students, except in Minnesota and Massachusetts.** The averages mask some statewide differences. Minnesota and Massachusetts charter schools enroll a larger percentage of LEP students than the average of other public schools in their states. And 21 charter schools serve student populations composed of more than 25 percent LEP students. In the remaining states, the average percentage of LEP students in charter schools is lower than the statewide average. Georgia's three charters enroll a small percentage of LEP students, but the statewide average is also very low.

Charter School Enrollment by Race, 1995-96

Census-defined racial categories	Percentage of all charter school enrollment
White, not of Hispanic origin	51.6%
Black, not of Hispanic origin	13.8%
Hispanic	24.8%
Asian/Pacific Islander	6.3%
Amer. Indian/ Alaska Native	3.5%
Number of Students	58,620

- **Charter schools enroll approximately the same proportion of low-income students, on average, as other public schools.** About one-third of charter school students were eligible for free and reduced price lunch, which is about the same proportion as in all public schools. Approximately one-half of the surveyed charter schools reported that their school participates in the National School Lunch Program.

- **Most charter schools are eligible for Title I funding.** In seven states, most of the charter schools reported eligibility for Title I funding. This was not true for Colorado, Hawaii (which has two charter schools) and Wisconsin (which has five). For most states, about half or more of the charter schools reporting eligibility receive funding. However, in Michigan only 25 percent of this group receives funding; in Colorado and Wisconsin none receive funding. Further study is needed to determine why schools that are eligible to receive Title I funds do not receive them. Commentators have suggested that this problem may be due to administrative issues or to difficulties that charter schools may experience in understanding the complexity of Title I eligibility requirements.

The data thus show that though most charter schools are small—and their numbers are relatively few—they serve the great racial and economic diversity of students that make up public education. And like other public schools engaged in major school reform, their approaches to education often vary dramatically from one another.

The Most Common Reasons for Founding Charter Schools Are to Pursue an Educational Vision or Gain Autonomy

Charter schools are started in order to realize an educational vision; have more autonomy over organizational, personnel, or governance matters; serve a special population; receive public funds; engender parent involvement and ownership; or attract students and parents. Different types of charter schools had distinctive motivations. In particular:

LEP Students, Students with Disabilities, and Students Eligible for Free or a Reduced Price Lunch in Charter Schools and All Public Schools

	Percentage Students with Disabilities of Statewide Enrollment		*Percentage LEP Students of Statewide Enrollment*		*Percentage Students Eligible for Free or a Reduced Price Lunch Statewide Enrollment*	
State	**Charter Schools**	**All Schools**	**Charter Schools**	**All Schools**	**Charter Schools**	**All Schools**
CALIFORNIA	6.9%	8.5%	19.0%	23.1%	36.9%	42.8%
ARIZONA	6.7%	7.9%	10.0%	11.9%	44.5%	40.0%
MICHIGAN	6.1%	9.8%	7%	3.0%	22.3%	30.2%
COLORADO	7.8%	9.2%	5%	4.2%	17.5%	27.8%
MINNESOTA	18.5%	9.6%	7.7%	2.5%	44.2%	26.8%
MASSACHUSETTS	6.3%	15.0%	7.3%	5.0%	38.2%	25.6%
WISCONSIN	12.2%	9.9%	0%	2.0%	20.5%	24.9%
NEW MEXICO	11.4%	12.5%	15.2%	24.9%	23.1%	49.7%
GEORGIA	4.8%	8.0%	1.8%	1.0%	22.6%	40.6%
HAWAII	6.1%	7.3%	4.0%	6.5%	14.8%	27.0%

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- **Almost all newly created charter schools seek to realize an educational vision and/or serve a special student population.** Two out of three newly created charter schools founded the charter to "realize an educational vision." Another 20 percent were developed to serve a special population of students, including "at-risk," language minority, disabled, or ethnic and racial minority students.

- **The vast majority of schools chartered in order to gain autonomy are pre-existing public schools.** Four out of five charter schools that sought "autonomy" from districts, state regulations or collective bargaining agreements were public school conversions.

- **Most private schools convert to charter status in order to offer their educational vision to additional or more diverse students using public funds.** In addition to realizing an educational vision, pre-existing private schools cited attracting more students and seeking public funding as most important reasons for converting to charter status.

There is a common thread across these distinctive motivations: Charter developers feel that charters afford educators, parents and community members an opportunity to pursue educational goals that they felt they could accomplish more effectively with fewer restrictions and stable financial support.

Reasons for Founding Charter Schools

Most important reason for founding charter school	Percent of charter schools that cited reason as most important: All sites	Newly created	Pre-existing public	Pre-existing private
Realize a Vision	**51.0%** **n=105**	66.9%	27.9%	35.0%
Autonomy	**20.8%** **n=43**	7.7%	50.1%	0%
Special Population	**12.6%** **n=26**	19.6%	2.9%	5.0%
Financial Reasons	**5.8%** **n=12**	8%	10.3%	20.0%
Parent Involvement	**4.9%** **n=10**	4.2%	5.9%	5.0%
Attract Students	**4.9%** **n=10**	8%	2.9%	35.0%
Total Number	**n=206**	n=118	n=68	n=20

Nearly All Charter Schools Face Implementation Obstacles

The vast majority of charter schools face difficulties during development and implementation, but newly created charter schools experience a distinctive pattern of difficulties compared to converted schools.

- **Resource limitations cause the most pervasive problems, especially lack of start-up funds.** Lack of start-up funds was mentioned more frequently than any other single problem, by 59 percent of charter schools. Among newly created schools, 68 percent said lack of start-up funds was a problem. More than one-third of all charter schools cited a problem with lack of planning time. Similar percentages cited inadequate operating funds and inadequate facilities. In all, seven out of ten charter schools named at least one area where resource limitations produced some difficulty.

- **Some charter schools experience problems from other entities.** Between 15 and 25 percent of charter schools cited each of the following difficulties, (listed with the difficulties receiving the highest percentage first): state or local board opposition, state education agency resistance or regulation, internal conflicts or local

education agency resistance or regulation, or union or bargaining unit resistance. In all, three out of five pre-existing schools experienced at least one of these problems. No one of these difficulties was common across many charter schools, but rather each problem tended to arise largely based on unique local situations.

- **Regulatory issues were cited less frequently.** Only one out of four charter schools, whether newly created or pre-existing, encountered one or more problems involving regulatory barriers. For each type of regulatory barrier, only ten percent or fewer of responding schools cited the problem. Regulatory issues include restrictions on hiring teaching staff, health and safety regulations, other state regulations (including financial, liability, and retirement issues), and state accountability requirements.

It is typical for schools undergoing change to experience implementation problems, but new charter schools have additional and singular challenges most akin to those encountered by fledgling small businesses, including creating time for planning, cash flow constraints, and attracting students and staff. Conversion schools face different challenges; many have realized autonomy from state regulations, but some continue to struggle to resolve local political and administrative situations (various state restrictions still exist in many cases and may be increasing in some states).

Barriers to Developing and Implementing Charter Schools

Barriers	Percentage of schools reporting barriers were difficult or very difficult
Lack of start-up funds	59%
Lack of planning time	42%
Inadequate operating funds	37%
Inadequate facilities	35%
State or local board opposition	25%
State Department of Education resistance or regulations	19%
Internal conflicts	19%
District resistance or regulations	18%
Union or bargaining unit resistance	15%
Bargaining agreements	13%
Hiring staff	12%
Health/safety regulations	10%
Accountability requirements	9%
Federal regulations	6%
Community opposition	5%
Teacher certification requirements	4%

Next Steps

It is far too early to assess the significance of charter schools for American education, but this report offers the first comprehensive description of the charter movement; thus, it provides a foundation for tracking future charter developments. Building on this database and yearly updates, researchers will study in subsequent years the impact of charter schools on student performance and on state and local public school systems. In 1997, the research team begins its longitudinal assessment of student achievement. It will conduct intensive site visits in order to identify state and local factors affecting charter implementation and student achievement, and initiate the difficult task of collecting information on the possible consequences of charter schools for American education.

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SAI 97-3010